

## Message Text

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PAGE 01 STATE 233897

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ORIGIN EUR-25

INFO OCT-01 EA-11 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

CEA-02 CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00

RSC-01 CIEP-02 SPC-03 STR-08 TRSE-00 LAB-06 SIL-01

OMB-01 SS-20 L-03 H-03 NSC-10 PA-04 PRS-01 TAR-02

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DRAFTED BY EUR/RPE:RCMEIMA

APPROVED BY EUR/RPE:AALBRECHT

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FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS IMMEDIATE

INFO ALL OECD CAPITALS IMMEDIATE

USMISSION GENEVA

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E.O. 11652: N/A

TAGS: EIND, ETRD, EEC

SUBJECT: U.S. FERROUS SCRAP EXPORT CONTROL PROGRAM FOR  
1974.

1. TODAY (NOVEMBER 28) AT 16.00 HOURS U.S. INFORMED  
FOREIGN GOVERNMENT REPS OF 1974 U.S. FERROUS SCRAP EXPORT  
CONTROL PROGRAM. GARY COOK (COMMERCE) GAVE LENG OF  
EC DELEGATION MAIN FEATURES IMMEDIATELY PRIOR TO 16.00  
MEETING. MEIMA EUR/RPE WENT OVER DETAILS WITH LENG .  
COMMERCE RELEASING PRESS STATEMENT AT 17.30 TODAY.

2. WORLD AND COUNTRY QUOTAS HAVE BEEN SET FOR CY-1974  
FIRST QUARTER ONLY DUE TO UNCERTAINTIES OF CONDITIONS  
DURING BALANCE OF YEAR. FIRST QUARTER WORLD QUOTA IS  
2.1 MILLION TONS OF WHICH 100,00 IS RESERVE FOR HARDSHIP  
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PAGE 02 STATE 233897

CASES. EC IS ALLOCATED 197,400 SHORT TONS.

3. OTHER QUOTAS ARE ARGENTINA 34,800 SHORT TONS, CANADA 200,300 SHORT TONS, GREECE 22,800 SHORT TONS, JAPAN 823,300 SHORT TONS, KOREAN REPUBLIC 123,700 SHORT TONS, MEXICO 165,00 SHORT TONS, SPAIN 182,000 SHORT TONS, TAIWAN 100,700 SHORT TONS, THAILAND 14,800 SHORT TONS, TURKEY 27,600 SHORT TONS AND VENEZUELA 50,000 SHORT TONS.

4. INDIVIDUAL COUNTRY AND EC QUOTAS ARE BASED ON RELATIVE POSITION AS U.S. SCRAP EXPORT DESTINATIONS DURING THREE

YEARS ENDING JUNE 30, 1973. THE QUOTA FOR JAPAN INCLUDES 100,000 TONS MORE THAN ITS 3 YEAR PERFORMANCE ALONE WOULD CALL FOR. THIS EXTRA AMOUNT CONSTITUTES A GESTURE TOWARDS TWO MILLION TONS OF ORDERS FROM JAPAN WHICH HAD BEEN ACCEPTED BY U.S. EXPORTERS BUT WERE UNSHIPED WHEN THE EXPORT CONTROLS WENT INTO EFFECT LAST JULY, AND WHICH WERE NOT SUBSEQUENTLY SHIPPED DURING BALANCE OF THE 1973 LICENSING PERIOD. JAPAN WAS ONLY COUNTRY IN THIS SITUATION.

5. THE JULY 1970 TO JULY 1973 PERIOD WAS CHOSEN AS A BASE PERIOD ONLY AFTER MUCH CONSIDERATION OF IMPACT ON VARIOUS COUNTRIES CONCERNED, AND APPEARS TO BE A FAIR CHOICE IN VIEW OF THE MANY VARIABLES INVOLVED.

6. EXPORT ALLOCATIONS ARE TO BE ASSIGNED BY COMMERCE TO EACH U.S. EXPORTER BY COUNTRY BY SCRAP GRADE. IN PRACTICE EACH EXPORTER WILL BE GIVEN A COUNTRY/GRADE QUOTA WHICH WILL BE HIS SHARE OF THE DESTINATION COUNTRIES' TOTAL ALLOCATION FOR THE QUARTER AND BE DIRECTLY PROPORTIONAL TO HIS EXPORT TO THESE DESTINATIONS DURING THE THREE YEAR BASE PERIOD. THUS, IT WILL BE NECESSARY FOR EC MEMBER COUNTRY IMPORTERS TO DEAL THROUGH THEIR TRADITIONAL U.S. SCRAP EXPORTERS.

7. SO THAT COMMERCE DEPARTMENT WILL KNOW HOW TO ALLOCATE EC TOTAL QUOTA AMONG U.S. EXPORTERS BY MEMBER COUNTRY OF DESTINATION, WE WILL NEED AS SOON AS POSSIBLE A STATEMENT FROM THE COMMUNITY ON HOW IT WISHES TO DIVIDE LIMITED OFFICIAL USE

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PAGE 03 STATE 233897

THE 197,400 TON PIE AMONG THE NINE COUNTRIES. UPON RECEIPT, COMMERCE WILL ASSIGN DESTINATION COUNTRY QUOTAS ACCORDING TO THE EC'S REQUEST. MEIMA HAS SO INFORMED LENG OF THE WASHINGTON DELEGATION. TO ENSURE QUICK ACTION THE MISSION IS REQUESTED TO FOLLOW UP LOCALLY AS APPROPRIATE. IN MAKING ITS APPORTIONMENT, WE ASSUME THE EC WILL GENERALLY FOLLOW HISTORICAL PATTERNS AMONG THE NINE.

8. IN THEIR STATEMENTS US SPOKESMAN REITERATED  
IT IS IMPRACTICAL AND POTENTIALLY VERY MISLEADING TO  
ATTEMPT EXTRAPOLATION OF CY-1974 ANNUAL EXPORT SCRAP  
QUOTAS BY ANALYZING FIRST QUARTER ALLOCATION DATA.  
THEY EMPHASIZED THE SCRAP SUPPLY/DEMAND AND GENERAL  
ECONOMIC OUTLOOKS ARE SO UNCLEAR THAT NO JUDGMENT CAN  
NOW BE MADE BEYOND THE 1ST QUARTER OF NEXT YEAR. KISSINGER

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**Disposition Approved on Date:**  
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**Disposition Case Number:** n/a  
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**Disposition Date:** 28 MAY 2004  
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